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LEASE AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT made this 27th day of January, 1975, by and between PULLMAN INCORPORATED (Pullman-Standard division), (hereinafter called the "Manufacturer"), and ILLINOIS CENTRAL GULF RAILROAD COMPANY, (hereinafter called the "Railroad")

W I T N E S S E T H:

The Manufacturer and the Railroad heretofore entered into a Purchase Agreement dated April 2, 1974 (Manufacturer's Lot 9779) whereunder the Railroad agreed to accept and pay for the following railroad equipment, (hereinafter called the "Cars"):

- 200 - 100-Ton Wood Chip Hopper Cars of 7,000 cubic foot capacity, numbered ICG 870000-870199, both inclusive.

Purchase Agreement is by reference made a part of this Agreement as fully as though expressly set forth herein.

Delivery of the Cars is scheduled to begin on or about February 14, 1975. However, inasmuch as the Railroad has not as yet consummated financing arrangements, it is not in position to accept delivery of and pay for the Cars under the terms of the Purchase Agreement at this time. The Railroad ~~expects~~ that such financing arrangements will be consummated, however, on or before May 14, 1975. The Railroad (in order that it may use the Cars pending completion

of the above financing arrangements) has arranged with the Manufacturer to give it temporary custody and possession of the Cars upon their completion, solely as a lessee of such Cars, and the Manufacturer is willing to do so upon the terms and conditions hereinafter stated.

For the use and rental of the Cars during the term of this Agreement, which shall be from the date of delivery of the first Car to the Railroad through May 14, 1975 or at the Railroad's option not later than November 14, 1975, the Railroad will make security advances to the Manufacturer of:

- (a) the approximate purchase price covering 100 of the Cars on March 26, 1975, and
- (b) the approximate purchase price covering the remaining 100 Cars on April 16, 1975,

both of which advances will be refunded to the Railroad no later than May 14, 1975, or at the Railroad's optional date not later than November 14, 1975, provided that the Manufacturer shall have been paid the entire purchase price of the Cars from the proceeds of the permanent financing on or before that date.

After Railroad's representative finds that each Car upon completion has been built in accordance with the requirements of the Purchase Agreement, he will execute and deliver to the Manufacturer at its plant a Certificate of Inspection and Acceptance in the form

annexed hereto as Exhibit A, certifying to that effect. Title to the Cars shall remain in the Manufacturer and the Railroad's right and interest therein is and shall be solely that of possession, custody and use as lessee under this Agreement. Transfer of title shall be effected only at the time of delivery of the bills of sale. The Manufacturer agrees not to claim, for Federal income tax purposes, either depreciation or investment tax credit on the Cars.

The Railroad, without expense to the Manufacturer, will promptly cause this Agreement to be filed with the Interstate Commerce Commission for recordation under Section 20c of the Interstate Commerce Act. In addition, the Railroad shall do such other acts as may be required by law, or reasonably requested by the Manufacturer, for the protection of the Manufacturer's title to and interest in the Cars.

The Railroad agrees that it will permit no liens of any kind to attach to the Cars; and that it will

- (a) indemnify and save harmless the Manufacturer from any and all claims, expenses or liabilities of whatsoever kind; and

- (b) pay any and all taxes, fines, charges and penalties

that may accrue or be assessed or imposed upon the Cars of the Manufacturer because of its ownership or because of the use, operation, management or handling of the Cars by the Railroad during the term of this lease. The Railroad's obligations contained in this paragraph

shall survive the termination by mutual agreement or otherwise of this Agreement.

The Railroad will, at its own expense, keep and maintain the Cars in good order and running condition and will at its option repair or replace or promptly pay to Manufacturer the purchase price in cash of those Cars which may be damaged or destroyed by any cause during the term of this Agreement. If payment is made in cash for a damaged or destroyed Car as aforesaid, an appropriate reduction shall be made in the purchase price of the Cars.

Prior to the delivery of each Car to the Railroad, it will be numbered with a car number as hereinbefore indicated, and there shall be plainly, distinctly, permanently, and conspicuously placed and fastened upon each side of each Car a metal plate bearing the following legend, or shall be otherwise plainly, distinctly, permanently, and conspicuously marked on each side of each Car, in either case in letters not less than one-half inch in height:

OWNED BY A BANK OR TRUST COMPANY UNDER A SECURITY
AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT
SECTION 20c.

The Railroad hereby agrees to indemnify the Manufacturer against any liability, loss or expense incurred by it as a result of the placing and fastening of the aforementioned plates or markings on said Cars.

In case, during the continuance of this Agreement, such name plate or mark shall at any time be removed, defaced or destroyed on any Car, the Railroad shall immediately cause the same to be restored or replaced.

All or any of the rights, benefits or advantages of the Manufacturer, including the right to receive payment of the rental provided for herein, or the right to receive the purchase price of the Cars as provided in the Purchase Agreement, may be assigned by Manufacturer and reassigned by any assignee at any time or from time to time, provided, however, that no such assignment shall subject any such assignee to any of Manufacturer's guarantees, warranties, indemnities, or any other obligations contained in this Agreement or in the Purchase Agreement relating to the Cars. In the event Manufacturer assigns its rights to receive the payments herein Agreement and/or under the Purchase, and the Railroad receives written notice thereof from the Manufacturer, together with a counterpart of such assignment stating the identity and the post office address of the assignee, all payments thereafter to be made by the Railroad under this Agreement shall, to the extent so assigned, be made to the assignee against proper receipt therefor in form satisfactory to the Railroad.

In the event of any assignment of the Manufacturer of its rights to receive any payments under this Agreement or under the Purchase Agreement, the rights of such assignee to such payments as

may be assigned together with any other rights hereunder which can be and are so assigned, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Manufacturer in respect to the Cars, nor subject to any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad by the Manufacturer. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Railroad, its successors and assigns, only against the Manufacturer and its successors and assigns (other than assignees as such of rights, benefits or advantages assigned pursuant to this Agreement).

The Railroad agrees with the Manufacturer that the execution by the Manufacturer of this Agreement or the delivery by the Manufacturer to the Railroad of the Cars, as contemplated by this Agreement, shall not relieve the Railroad of its obligations to accept, take and pay for the Cars in accordance with the terms of the Purchase Agreement, or impair any of the Manufacturer's rights under the Purchase Agreement.

ATTEST:

J. F. Riegel
Assistant Secretary

PULLMAN INCORPORATED
(Pullman-Standard division)

By Thomas H. Haver
Vice President

ATTEST:

R. E. Hise
Assistant Secretary

ILLINOIS CENTRAL GULF
RAILROAD COMPANY

By H. Miller
Vice President

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 27th day of January, 1975,
before me personally appeared Thomas P. Glaser to me
personally known, who, being by me duly sworn, says that he
is a Vice President of Pullman Incorporated (Pullman-
Standard division), that the seal affixed to the foregoing
instrument is the corporate seal of said corporation, that
said instrument was signed and sealed on behalf of said
corporation by authority of its Board of Directors and he
acknowledged that the execution of the foregoing instrument
was the free act and deed of said corporation.

Rollis E. Zink
Notary Public

My commission expires:

May 7, 1978

[Seal]

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this *5th* day of *February*, 1975,
before me personally appeared *H. C. Miller* to me
personally known, who, being by me duly sworn, says that he
is a *Vice President* of Illinois Central Gulf
Railroad Company, that the seal affixed to the foregoing
instrument is the corporate seal of said corporation, that
said instrument was signed and sealed on behalf of said
corporation by authority of its Board of Directors and he
acknowledged that the execution of the foregoing instrument
was the free act and deed of said corporation.

Virginia N. Shanahan
Notary Public

My commission expires: My Commission Expires May 4, 1976

[Seal]

CERTIFICATE OF INSPECTION AND ACCEPTANCE
UNDER LEASE AGREEMENT

TO: PULLMAN INCORPORATED (Pullman-Standard division)

I, a duly appointed inspector and authorized representative of ILLINOIS CENTRAL GULF RAILROAD COMPANY, (hereinafter called the "Railroad"), for the purpose of the Lease Agreement dated as of January , 1975 between you, as Manufacturer, and the Railroad do hereby certify that I have received, inspected, approved and accepted delivery on behalf of the Railroad and under said Lease Agreement of the following units of railroad equipment:

Type of Cars:

Place Accepted:

Date Accepted:

Number of Units:

Numbered:

I do further certify that the foregoing cars are in good order and condition and conform to the Purchase Agreement dated April 2, 1974 and the specifications applicable thereto, and to all applicable Interstate Commerce Commission requirements and specifications and to all standards of the Association of American Railroads. The execution of this certificate will in no way relieve you of your duty or decrease your responsibility (1) to produce and deliver the railroad equipment indicated above in accordance with the terms of the Lease Agreement or (2) to warrant the foregoing cars to be of good workmanship, constructed with quality materials, and to be free of defects, as set forth in the aforesaid Purchase Agreement.

Inspector and Authorized
Representative of
ILLINOIS CENTRAL GULF RAILROAD COMPANY